

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. MCHUGH) is recognized for 5 minutes.

(Mr. MCHUGH addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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DOD'S PRIVATIZATION POLICY IN GUAM

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Guam (Mr. UNDERWOOD) is recognized for 60 minutes as the designee of the minority leader.

Mr. UNDERWOOD. Mr. Speaker, I take this opportunity to do an extended special order on a matter of significance not only to the people in Guam but to the general readiness of our military, and that is the Department of Defense's continuing privatization efforts.

Today I want to discuss this matter which affects not only Guam, my home district, but certainly the whole readiness posture of our Armed Forces.

The Department of Defense has for many years been pursuing a better way to improve efficiencies in the way they conduct business and have begun many, many initiatives to improve their business practices. And like any large government bureaucracy, DoD has for years employed amongst its ranks thousands of civilians, technicians, and specialists, operators, maintenance personnel, laborers, and hundreds of other classifications of jobs.

In all likelihood, I am sure that we all recognize that there are many redundancies and cost inefficiencies and unsound business practices which cried out for reform. Indeed, there were thousands of uniform personnel carrying out tasks and assignments that would have been more suitable for a civilian technician.

However, as a result of the Cold War and in the name of military readiness, these non-war fighting jobs remained a part and parcel of DoD's workforce.

In the age of tight budgets and military drawdowns during the 1990s, the time has come to reform the Federal Government in general, and DoD in particular, in order to cut costs and create a more efficient organization, particularly as we drew down our uniform personnel.

These policies that were employed by the Department of Defense took several different forms and, to be fair, were proscribed in many ways by both Congress and the administration.

First, there was the lowering of the troop ceiling to cut back military end strength. Secondly, the DoD asked for and received, with Congress's blessings, two rounds of base closures and realignments.

Finally, the DoD dusted off an old friend, known as OMB Circular A-76 to implement the third major reform policy initiative. Of course, DoD all along could and would employ so-called re-

ductions in force, or RIFs, to reduce the bureaucracy in order to save money.

In any event, OMB Circular A-76 was employed in tremendous fashion for many reasons that will be clear in a moment.

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A-76, as it is generally referred to as a tool to conduct a public versus private competition in a commercial activity in order to determine if those jobs are best performed by the government or by the private sector, initially cost was the sole determinant and, to a large degree, it still is.

More typically, however, the Department of Defense has moved towards a so-called results based assessment in which the winner of the public/private competition is judged on how best they can perform a task based on the quality of the outcome of the work, balanced by price considerations.

For example, if an A-76 study determines that a particular job would be better performed by the private sector, the government agency that conducted the study would be able to lay off those civil service employees based upon that independent empirical data. The particular agency's bureaucrats claim that they are justified in these decisions because numbers do not lie. In the alternative, statistics have shown that when a study is won by the civil servants, remember there is a competition as they reinvent themselves, there is still a 30 percent reduction in cost. This fact alone supports the so-called win/win touted by A-76 proponents.

If the public sector employees are allowed to bid for their jobs at a lower rate and they out bid the private contractor that has been brought in by the government, they are allowed to keep their jobs. So, therefore, a lot of people think that all of a sudden this is a win/win situation.

Sounds great. The problem is that these cost cutting advocates overlook the simple fact that the government is not a business. Could the government be made more efficient? Definitely. More responsive? Undoubtedly. Well, how about more cost effective? Well, it depends on how you measure cost. True, practices that enabled famous \$600 hammers and \$3,000 toilet seats needed to be rooted out but when one looks at hard-to-define requirements such as military readiness, what is inherently governmental, what is the measure of a good value and what about the men and women who make up the civil service, who have long done so out of patriotism and job stability and good benefits and fair play? They are not out to bilk the government or run up costs for profit like many unscrupulous contractors who win these bids point of fact do in the end.

What we are looking at are two distinct but related things. First is the general policy of reducing the Federal civilian workforce and outsourcing

that work to the private sector. The second is the dynamics of A-76 process itself and for both I would like to use the Guam experience on that, because right now, as we speak, the largest BOS contract, so-called Base Operation System contract, to date as a result of the A-76 process is being implemented with Raytheon, the winner, in Guam and effectively putting out of focus about 900 jobs in Guam.

Now, Guam's story on this began with the Base Realignment and Closure Commission in 1995. What the Navy did was that they decided in 1995 that they wanted to close down a unit in the Naval Activities Section of Guam called the Public Works Center, and when the Navy was turned down by the BRAC Commission, allowed to realign it but they were not allowed to close down the Public Works Center, they then decided that they would apply A-76; therefore creating a tremendous sense of loss because the BRAC process is the process that was outlined by Congress and by law to make a fair assessment of what can be closed and what cannot be closed.

When the Navy lost their claim that the Public Works Center on Guam should be closed or realigned downward in dramatic fashion, they didn't say, okay, we tried it in front of the BRAC Commission and we lost. They turned around and then dusted off A-76 and went ahead and did it anyway.

So in the spring of 1997, the Navy announced that they were going to look towards the bundling of all kinds of functions in this particular situation and offer them up to a private contractor or to the public sector. In other words, letting the workers themselves bid in something called a most efficient organization.

The Navy justified using a Base Operating System contract, taking such diverse things as providing day care to loading ordnance to house maintenance, and bundling them all in one contract because they said that this was the way that they would get an economy of scale.

Another cost saving measure that was being considered by the Navy at the time was to use foreign or H-2 workers which were allowed into Guam and therefore it would significantly depress the costs of the contractor, thereby competing more unfairly with the existing civil service.

So after I heard about, in particular, the foreign labor possibility, I introduced an amendment to the Department of Defense reauthorization prohibiting the use of H-2 workers on any Base Operating System contract that would be contracted out in Guam, but the Navy continued on. The Navy continued on with the BOS contract.

Now, the BOS contract was designed to bid out a significant amount of money to one single contractor. In the end, it was Raytheon that won this contract.

Now, the Navy attempted to sell this to the people of Guam saying even